



Australian Competition and Consumer Commission
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ResiLoop Limited's response to a submission made by an interested party regarding its application for authorisation to establish and operate a voluntary, industry-led product stewardship scheme to collect and recycle resilient flooring waste (the Scheme).

ResiLoop Limited (ResiLoop) appreciates the opportunity to respond to submissions made by interested parties in the public consultation process regarding the above application for authorisation. ResiLoop notes the support and suggestions for the Scheme's operations made by the parties.

We wish to respond in particular to the valuable comments from the Waste Management & Resource Recovery Association Australia regarding three key points they raise:

1. Encouragement of adoption of product "design standards including safety standards...on all products placed on market to ensure end-of-life considerations and recovery are enshrined as producer responsibilities"
2. "...the need to ensure [the Scheme] is properly costed...to ensure [its] longevity and genuine sustainability"
3. The need to "ensure that non-participants are not gaining a competitive advantage nor free riding".

We agree these three elements are critical to the success of the Scheme and each has been taken into consideration in the Scheme design and proposed operation for which we seek authorisation.

1. Product design standards

ResiLoop acknowledges that the focus of the scheme on recovery and recycling to keep resources in productive use is only one aspect of transitioning to a circular economy, and that upfront product design to improve the opportunity to repair, reuse and ultimately, recycle products is critical. One of ResiLoop's three key objectives is to "drive sector-wide behaviour changes that contribute to the circular economy by informing product development and engaging manufacturers, distributors, specifiers, flooring contractors, recyclers and consumers."

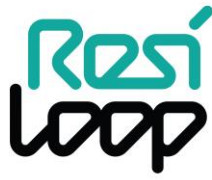
To support delivery of this objective, the Guiding Principles for Full Members (product distributors)(Attachment 3 of ResiLoop's application for authorisation) include the following Member Obligations:

- To demonstrate best practice manufacturing standards addressing responsible sourcing of products, PVC resin manufacture and sourcing, and safe and sustainable use of additives. Demonstration may be through third-party verified eco-certifications, for example, Best Environmental Practice PVC certification, compliance with the PVC Stewardship Program, or VinylPlus™.
- To meet any product design criteria agreed and advocated by the ResiLoop Board in order to enhance the ability to improve onshore recycling outcomes.

Due to the ability to exert greater control over what is collected in the early stages of the Scheme, the Scheme requires product collected to be compliant with 'Acceptable Waste Criteria' (Attachment 4 of the application) to ensure minimal contamination from legacy additives, uplifted floor materials and other waste streams. The acceptability requirements of product in the Scheme will encourage product distributors to manufacture and source product that complies. ResiLoop will undertake education of distributor members in developing products fit for recycling. The Scheme's research and development program will include work to explore how to address contamination in uplifted end-of-life flooring to ensure that recovered materials can safely be put into new productive uses.

2. Scheme costing and levy

The financial viability has been a critical consideration for the Scheme's sustainability. Modelling was done by a third party with expertise in economic modelling and business case development of product stewardship schemes. ResiLoop is seeking ACCC authorisation to implement a product levy commencing at 9 cents per square metre (sqm) of in-scope products with potential to rise to a maximum of 15 cents per sqm. The modelling shows that the scheme can commence at 9 cents / sqm due to the relatively low volume of waste being collected initially, based on forecast demand from the end manufacturer. The Scheme can only collect what the end market can absorb. As additional end market demand is developed and recovery volumes increase, the levy will rise to cover the cost of collection and delivery of the required volumes. The maximum levy of



15 cents over the 6 year period requested for authorisation gives scope to allow levy increases as the volume of waste recovered increases. The scale of the levy has been determined based on modelling of volume forecasts and includes assumptions about inflation, and market growth of sales from the existing 15 Foundation Members. As additional distributors join the Scheme and the market coverage increases, it will help counter potential program levy increases. Additional income streams have been considered, such as an annual membership fee for Associate Members (eg Collection Point operators) to be instigated from commencement, and returns on capital grants provided under the R&D program.

3. Non-participants, free riders

We acknowledge the challenge for product stewardship schemes of addressing free riders. The early stages of the ResiLoop Scheme have been designed to limit the impact of potential free riders. In the first two stages, only Scheme member product will be collected. Contractors and floor layers are able to identify whether new flooring product being laid is that of a Scheme member, or non-Scheme member. Scheme members will be identifiable via a QR code on collection bags. Recovery of the waste will occur where Member product is being installed. Non-participants will not be able to claim, or assume a benefit from ResiLoop.

Once suitable technologies and sufficient end markets have been developed to recycle large volumes of end-of-life flooring waste, the risk from free riders will increase as uplifted flooring brand will be more difficult to identify. At this stage, if the risk and cost burden are significant, ResiLoop, as indicated in its Scheme design proposal and roadmap, will consider advocating for the product stewardship of these products to be co-regulated.

These three aspects of Scheme operation will be under constant scrutiny and review by ResiLoop management and its Board, and guided by input from the Advisory Panel.

Yours sincerely

Sophi MacMillan
CEO

5 August 2024